

AIR POUCH

PRIORITY

CONFIDENTIAL

(Security Classification)

DO NOT TYPE IN THIS SPACE

## FOREIGN SERVICE DESPATCH

762A.00/10-358  
OCT 6 1958

FROM : U. S. Mission Berlin

259  
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

October 3, 1958

REF :

For 17 Use Only	ACTION EUR-9 REC'D 10-11	DEPT. IN F O OTHER RM/R-2 IRC-P 4/0-1 4/0-P-1 ICA-10 ORM-5 W/ASC-2 Ca-12 USA-10 OCB-1 OSD 4 Army 4 Navy-3 Air-1
--------------------	-----------------------------------	---

SUBJECT: Remarks of Walter Ulbricht

The 66th CIC group has passed to us a confidential report of remarks made by Walter Ulbricht at an SED party activist meeting in East Berlin. The report provides interesting intelligence corroboration of the new effort towards a relaxed atmosphere in the Zone, reported in our airgram G-109. The CIC report is as follows:

"On 26 September 1958, meeting of SED activists was held in East Berlin, both East and West Berlin activists attending. Closing speech was made by Walter Ulbricht. Following were among points dealt with in speech:

a. Concerning refugee stream, Ulbricht admitted that EG is experiencing very real difficulties as a result of the flight of production workers, doctors, teachers, and scientists. He bitterly criticized policy of Party and State Apparatus in using administrative action to put pressure on these classes of persons. Future policy must be not to cease trying to bring these classes around to Socialist thinking but to approach on reasonable and friendly basis so that EG is not deprived of their services.

b. Concerning industrial production in East Berlin, Ulbricht accused middle levels of Party functionaries as being completely bureaucratized. He directed that all review of proposed increases in production norms will only be considered after this has been discussed with the workers themselves. Arbitrary administrative raising of norms must be halted at once since this is increasing unrest among the workers.

c. The Politburo is presently taking action to correct developments in East Berlin in which independent retail food dealers were forced out of business. Conversion to state-owned retail outlets was classified as secondary priority; East Berlin and EG presently still need independent retail outlets (particularly in meat and meat products) to insure flow of foodstuffs to consumers.

d. Concerning Party work in West Berlin, Ulbricht stated that matter of border crossers and situation in Potsdam had finally been corrected. Future activity concerning border crossers must be along line of educating and convincing them that they should exchange jobs in West Berlin for jobs in East Berlin or EG. Under no circumstances are measures involving duress or coercion to be

HTrivers:ca

REPORTER

CONFIDENTIAL

ACTION COPY — DEPARTMENT OF STATE

The action office must return this permanent record copy to RM/R files with an endorsement

762A.00/10-358  
CONFIDENTIAL  
1958  
MD 877419  
U.S. DEPT. OF STATE

This Document must be destroyed  
to the RM/R files

762A.00/10-358

CONFIDENTIAL

CONFIDENTIAL

Page 2  
Despatch 259  
From: USER

used. Potsdam activities before corrective action was taken, had had very unfavorable reaction on Party work in West Berlin.

e. Concerning matter of Steinstuecken enclave, Ulbricht stated that the incident on 7 August was totally unnecessary and that responsible authorities would be subjected to re-education concerning incidents of this nature. Incident had only given U.S. opportunity to make new guarantee declarations concerning position of West Berlin and to make propaganda justifying its political activities. He warned expressly that apart from normal border controls, such incidents along West Berlin borders are to be avoided since they only increase burden of Party work in West Berlin."

Ulbricht's remarks attest to the regime's concern over the loss of high quality professional and academic people as well as the damage to food distribution by forcing independent retail food dealers, particularly butchers, out of business. It is interesting to note that he referred to increasing unrest among the workers as a result of arbitrary administrative raising of norms. This subject of norms was mentioned briefly in recent speeches at the SED Central Committee meeting and the National Front meetings, but it has not been publicly given the same attention as the undue pressure towards collectivization of agriculture and socialization of hand workers and private enterprise.

It is also of particular interest that Ulbricht appears to be espousing a soft line with respect to two issues which had caused considerable agitation in West Berlin, and that he justifies this line by a desire not to impede SED party work in West Berlin. This reasoning shows in miniature how serious the Communists are with respect to the future of their efforts toward West Germany.

For the Assistant Chief of Mission:

*Howard Trivers*

Howard Trivers  
Chief  
Eastern Affairs Section

Distribution: Bonn, Paris, London, Moscow, Frankfurt, Munich, Vienna, Warsaw, Prague, POLAD USAREUR, DCSI USAFE

CONFIDENTIAL

